3 Energy Stocks to Keep You Safe if the Market Continues Selling Off

Description

Markets have sold off sharply this week after the U.S. Federal Reserve cut its interest rate for the first time since 2008.

Perhaps not all that surprisingly, energy markets followed suit on Thursday — a sign the market fears' inflationary pressures could be headed lower.

One option that's available to investors is to take some risk off the table and instead direct some of that capital towards safer segments of the market.

But while the energy sector hasn't traditionally been viewed as a "safe haven" as far as the overall market is concerned, there are certain companies and industries that should fare better than others during times of market turbulence, including a company like **Suncor Energy** (TSX:SU)(NYSE:SU).

Suncor happens to be one of Canada's largest publicly traded companies, not to mention the largest producer currently operating out of Canada's oil sands.

Suncor's size and scale unquestionably give it added strength and stability during times of market turbulence, including earlier this year, when the Government of Alberta enacted mandatory production curtailments.

In addition to its size and scale advantages, SU also has the benefit of being an integrated energy company, meaning that it sells a portion of its upstream production to itself to be refined and sold to end users through its downstream operations.

When the prices for oil are lower, unlike its pure exploration and production peers, Suncor gets at least a partial benefit from the lower prices, as they essentially help to lower the cost of the inputs it uses as part of the refining side of its business.

Another integrated oil company that's more exposed to changes in the "crack spread," or the difference between prices for crude oil and the prices for refined products like gasoline and jet fuel, is **Cenovus Energy** (TSX:CVE)(NYSE:CVE).

CVE is about one-quarter the size of SU, so it doesn't offer investors quite the same degree of safety as its larger rival.

However, I could easily make the argument that Cenovus is the more undervalued of the two companies, following a sharp sell-off in its share price that extended from the middle of 2014 to late in 2018.

Its share price has begun to rally in 2019, up 29% year to date, as the market appears to finally be getting behind it again.

However, between CVE and SU, it's actually SU that's paying its shareholders the better dividend at the moment.

Suncor is currently yielding a 4.42% annual dividend payout, while CVE is only paying its shareholders a paltry 1.67% dividend per year.

Switching gears slightly, when we think about "energy" stocks, it's probably safe to say that renewable or clean energy may not be the first thing that immediately pops into our heads.

But that may be starting to change.

More and more capital continues to flow into the renewable energy space in search of clean technologies that will help us keep the world running more smoothly and efficiently well into the future.

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is arguably the market leader in renewables so far and, on top of that, is paying its shareholders an attractive 5.70% dividend yield with plans for ongoing increases to its payout of between 5% and 9% annually for the foreseeable future.

BEP's dividend yield should attract those investors in search of a reliable income stream were interest rates to threaten to stay lower for longer; meanwhile, the contracts it has in place are fixed and long term in nature and thus isolated from any potentially volatile swings in fossil fuel energy markets.

CATEGORY

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1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:CVE (Cenovus Energy Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
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